

ASX Release

24 August 2006

GREEN LIGHT FROM SMOKEY HILLS PGM PROJECT FEASIBILITY STUDY

Platinum Australia Limited (ASX:PLA) (AIM:PLAA) is pleased to announce the final results from the Smokey Hills Project Bankable Feasibility Study (“BFS”) have shown the project to be extremely attractive and very robust and able to generate returns of over 70% on the Base Case assumptions and in excess of 600% using July 2006 metal prices and exchange rate.

The key results from the study are as follows:-

- The Project would deliver a return of 74% on the Base Case and 670% at Average July Prices;
- The Project would achieve a pre tax NPV10 of US\$60 Million on the Base Case and US\$230 Million at Average July Prices;
- The Project would generate a cash flow (undiscounted) of US\$139 Million on the Base Case and US\$396 Million at Average July Prices;
- Initial Capital Cost of the Project would be US\$40.5 Million;
- Cash Operating Cost of US\$226/oz 4E PGM (platinum + palladium + rhodium + gold) produced (net of base metal credits);
- The Project has a JORC compliant reserves of 763,000 oz 4E PGM and would produce an average of 95,000 oz 4E PGM per annum over an 7 year life.

PLA Managing Director John Lewins said: “The final results of the Smokey Hills Bankable Feasibility Study are obviously extremely pleasing and show that the project is extremely robust and would generate cash flows of almost US\$400 million at July average prices and US\$140 million on our conservative Base Case assumptions. The study shows the project has a low capital cost of around US\$40 million with a further US\$14 million sustaining or deferred capital required over the life of the operation which provides for ease of financing. The shallow nature of the deposit results in a low operating cost with production costs of less than US\$230 per oz 4E PGM, providing for a high margin operation”.

“We are well advanced in the arrangements for the debt portion of funding for the project and with the applications for various permits necessary to commence operations. PLA has in excess of AUS\$25 million in cash and therefore has the necessary funds to provide the equity required to develop the project.”

A full summary of the results are provided in Table 1 below and the underlying assumption relating to metal prices and exchange rates are provided in Table 2. The final results are largely consistent with the preliminary results previously released and improvements in the IRR and NPV are due to an increase in the Base Case assumption of rhodium price from US\$1,000 in the preliminary figures to US\$1,500 in the final figures. This change was made on the basis of currently available projections of metal prices obtained from various industry sources.

GRD Minproc (Pty) Ltd are the Lead Engineers for the BFS, while Snowden are responsible for the Resource Estimate and Mining Study, SRK Consulting for Tailings and Hydro-geological studies and Africa Geo-Environmental Services for the Environmental Study.

Table 1 Summary of Results from Smokey Hills BFS

		Base Case	Ave July Prices
Production	4E PGM	~95,000 oz/annum	
Plant Recovery		85%	
Project Life		7 years	
Cash Costs	4E PGM	US\$226/oz	US\$226/oz
Basket Price	4E PGM	US\$677/oz	US\$1,117/oz
Capital Cost			
Initial	US\$	\$40.5 Million	\$40 Million
Deferred	US\$	\$14 Million	\$14 Million
NPV			
10%	US\$	\$79 Million	\$249 Million
15%	US\$	\$60 Million	\$202 Million
IRR		74%	672%
Cashflow	US\$	\$139 Million	\$396 Million
Payback	months	20 months	3 months

Table 2 Metal Price and Exchange Rate Assumptions

Table 2 Rand/US Dollar Exchange Rates and Metal Prices					
		July Average		Base Case	
Exchange Rate	ZAR/US\$	7.08		7.0	
Metal Prices		US\$	ZAR	US\$	ZAR
Platinum	Per oz	1,232	8,723	900	6,300
Palladium	Per oz	321	2,273	300	2,100
Rhodium	Per oz	4,622	32,724	1,500*	10,500*
Gold	Per oz	633	4,482	450	3,150
Iridium	Per oz	400	2,832	100	700
Ruthenium	Per oz	172	1,218	250	1,750
Nickel	Per tonne	26,500	187,620	10,000	70,000
Basket Price	Per oz	1,117	7,906	677	4,736

* The Base Case Rhodium Price has been increased from US\$1,000 used in the preliminary figures to US\$1,500 in the final figures as a result of review of projected metal prices obtained from various industry sources.

Smokey Hills PGM Project

The Smokey Hills PGM Project is located on the eastern limb of the Bushveld Complex in the Limpopo Province, 300 kilometres north of Johannesburg.

PLA has signed a formal Sale Agreement with Smokey Hills Platinum (Pty) Ltd ("SHP") to acquire up to 80% of the Project through the staged acquisition of 100% of SHP. PLA acquires an initial 74% interest in SHP by providing \$3.4 million for SHP to fund the purchase of an 80% interest in the Project. The balance of 26% in SHP will be acquired for 15 million fully paid shares in PLA. The balance of the Project is held 5% by the local community and 15% by Corridor Mining Resources, a Company owned by the Limpopo Provincial Government.

PLA commenced a resource definition drilling program on the project in July 2005 and a Bankable Feasibility Study with GRD Minproc as the Lead Engineer in October 2005.

The Company envisages commencing operations at Smokey Hills initially as an open cut and then progressing to an underground mine. During the initial phase while the plant is under construction PLA proposes to mine ore for toll treatment through a nearby plant to generate early cash flow. This phase would last for approximately 12 months after which ore would be treated through the on-site plant producing a flotation concentrate for sale to any one of a number of smelters in South Africa, the nearest of which is less than 100 kilometres distant.

Dependent on the issuing of the necessary permits PLA proposes to commence construction and mining operations in the December 2006 quarter or in early 2007 with plant commissioning occurring in December 2007.

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Qualification Statement

We confirm that the exploration results and resources contained in this report are based on information compiled by Tony Greenaway, Geology & Resources Manager of Platinum Australia Limited, who is a member of The Australasian Institute of Mining and Metallurgy.

Tony Greenaway has more than five years experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a competent person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Tony Greenaway consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Yours faithfully
PLATINUM AUSTRALIA LIMITED



JOHN D LEWINS
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